

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 SOE-02
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R 060900Z JAN 78

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 054

INFO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: RP STEELMAN SEEKS LDC EXEMPTION FROM "TRIGGER
PRICE" MECHANISM

1. MR. EDUARDO J. RODRIGUEZ, PRESIDENT, NATIONAL STEEL
CORPORATION (NSC), (A GOP OWNED CORPORATION) RAISED ISSUE
OF U.S. "TRIGGER PRICE" MECHANISM WITH EMBOFF JANUARY 4
DURING CALL TO DISCUSS INTEGRATED STEEL PROJECT (SEPTTEL).

2. MR. RODRIGUEZ WANTS TO KNOW IF THE USG WOULD CONSIDER
EXEMPTING LDC'S FROM THE PROPOSED TRIGGER PRICE LEVELS THAT
IT WILL USE AS A GUIDE TO FUTURE ANTIDUMPING INVESTIGATIONS
OF STEEL IMPORTS. HE SUGGESTS THAT BECAUSE THE JAPANESE
COST OF PRODUCTION LEVELS WILL BE USED TO ESTABLISH THE
REFERENCE LEVEL, LDC PRODUCERS WILL BE PRECLUDED FROM USING
THE PRICING MECHANISM AS A MARKET ENTRY TOOL TO UNDERSSELL
THE ALREADY WELL-ESTABLISHED JAPANESE AND EUROPEAN SUPPLIERS
IN THE U.S. MARKET. HE PROPOSES THAT THIRD WORLD COUNTRIES
WHO HAVE EXPORTED IN PAST, AND WILL AGREE TO LIMIT EXPORTS TO
AGREED MAXIMUM LEVELS, BE EXEMPTED FROM THE AUTOMATIC TRIGGER
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MECHANISM. HE SAYS HIS FIRM IN PARTICULAR HAS WORKED HARD
OVER THE PAST THREE YEARS TO GAIN AN INITIAL TOE HOLD IN THE
U.S. MARKET, ONLY TO HAVE IT THREATENED NOW.
FYI: IN 1977 NSC, THE ONLY PHILIPPINE STEEL EXPORTER,
SOLD ABOUT 12,000 TONS OF HOT AND COLD ROLLED COILS AND
SHEETS VALUED AT UNDER \$4 MILLION TO THE U.S. END FYI.

4. THIS SOUNDS TO US LIKE A REQUEST IN INSTITUTIONALIZE DUMPING AS A MARKET ENTRY STRATEGY FOR LDCS. RODRIGUEZ'S COMMENT IS, "IT ALL DEPENDS ON HOW YOU CALCULATE YOUR COSTS." NEVERTHELESS, EMBOFF AGREED TO SEEK WASHINGTON RESPONSE TO RODRIGUEZ'S QUESTION: IS USG CONSIDERING, OR WOULD IT CONSIDER, EXEMPTING LDCS FROM STEEL PRICE TRIGGER MECHANISM? EMBOFF ALSO SUGGESTED THAT IF RODRIGUEZ'S PROPOSAL IS TO BE A FORMAL ONE, IT SHOULD COME FROM DFA. HE REPLIED THAT HE HAD ALREADY TAKEN STEPS TO INITIATE SUCH AN ACTION, BUT AN INDICATION OF USG RESPONSIVENESS IN ADVANCE WOULD ASSIST HIS CAUSE.
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